

**Financial Assurance Board
Minutes
February 13, 2003 Meeting**

Board Members Present

Mayor James Acton, Public	Linda Dollens, IDR
William Herdrich, Petroleum Marketers	Greg Silver, Environmental
Kim Logan, State Treasurer's Office	Martha Hollingsworth, Public
Tracey Boatwright, State Fire Marshal's Office	Roy Meeks, Service Stations
John Sharp, Financial Institutions	

IDEM Staff Present

Nancy King, Board Counsel	Paul Serguta, ELTF Program
Bruce Palin, Deputy Assistant Commissioner	Brent Dayharsh, ELTF Program

Mayor Acton, Chair, called the meeting to order and board members introduced themselves.

Bruce Palin and Brent Dayharsh from IDEM introduced themselves as the replacements for Mary Beth Tuohy and Steve Browning, respectively.

Mayor Acton read a tribute to Mike Pitts, followed by a prayer.

Minutes of the November 14, 2002 meeting

The Board approved the minutes from the November 14, 2002 meeting.

New Business Update

Mr. Herdrich nominated Mayor Acton to continue as Board Chairman. The motion was seconded and passed.

Ms. Hollingsworth moved that Joanie Kanizer be re-elected as Board Vice-Chair. The nominations were closed after no other nominations were received.

David Reynolds, Deputy Director of the State Budget Agency, spoke regarding the approximately \$475,000 cost allocation charged against the Fund in 2002. He explained that the State charged the dedicated funds for a share of the services provided by the general fund agencies. The Excess Liability Fund and the Petroleum trust Fund were charged for approximately one-third of the total assessed to IDEM's dedicated funds. This amount was based on the original appropriation to the funds at the beginning of the year. Several Board members expressed concern with this procedure.

Fund Administrator's Report

Mr. Palin reviewed the **Excess Liability Trust Fund Revenue and Expense Summary** noting that claims continue to increase. He also mentioned that revenue from the oil inspection fee is much higher than last year. Ms. Dollens attributed this to more aggressive fee collection procedures.

Ms. Dollens then raised the issue of the \$1000 penalty for non-payment of tank fees. Mr Meeks related that he had been assessed \$4000 in penalties for being less than a month late with \$360 in fee payments. Mr. Palin suggested that the penalty might be revised so that it would not be assessed unless fees were one full year overdue. It was agreed that this issue needed to be clarified in the rules.

Mr. Boatwright mentioned that payments to Navigant were up from last year.

Mr. Herdrich pointed out that income from the oil inspection fee was up much more sharply than would be expected from the volume of petroleum usage. Ms. Dollens replied that some of the income from the 2002 fiscal year was not credited to the Fund until this year. Although the money was actually in the bank, there was a delay in getting it credited to the right account in the new computer system.

Mr. Herdrich talked about his concerns regarding the money taken out for the Indiana Development Finance Authority and also the agency-wide services.

Mr. Serguta reviewed the **Petroleum Trust Fund Revenue and Expense Summary**. There were no questions from the Board.

Next, Mr. Serguta gave an overview of the **Claims Report** noting that claims have continued to increase with approximately 270 claims received in the most recent month. Initial claims also continue to increase.

Mr. Sharp asked if the claims were becoming easier to process as applicants became more familiar with the procedure. Mr. Seguta replied that he thought that they were but he was not sure if there had been any improvement among first time claimants.

Mr. Serguta also mentioned that more Navigant staff would be hired in an effort to reduce the backlog of claims from the current level of about 500.

Other Matters

Mr. Herdrich asked Ms. King about the two Board vacancies. Ms. King replied that people are being sought for those positions and urged the Board to help find candidates.

Ms. King mentioned that the rulemaking process had begun and an extension of the first notice had been published. External work group meetings will be held before the rule goes to second notice.

Ms. King also discussed a memo that she brought to the meeting. The memo lists some potential changes designed to make the rulemaking process more efficient and responsive. A Board Procedural Manual is in the works.

Mr. Sharp mentioned that it would be a good idea if the proposed rule changes were listed in the ELTF section of the State Website.

Chris Braun read a resolution passed by the State House and Senate honoring Mike Pitts.

Mr. Braun then discussed the need for clarification of the \$1000 penalty for late payment of tank fees and the need for notification to tank owners of any past due fees, penalties and interest.

Another point Mr. Braun made was that claims paid from the Fund continue to increase sharply while revenues coming into the Fund have peaked. This has caused a rapid decline in the Fund balance. Mr. Braun asked for clarification of whether the five million-dollar withdrawals from the Fund would be repeated in future years. Mr. Serguta replied that the original authorization was for two years and that had now been completed. Mr. Braun then stated that the declining balance of the Fund has made it even more important to protect the Fund from being used for any purpose other than its primary one of providing insurance for tank owners.

Mayor Acton and Mr. Braun talked about the need to let the legislature know that the Board opposes any more allocations from the Fund. It was agreed that it might be best to see whether or not this would be necessary.

Mr. Herdrich and Mr. Sharp discussed the need for the Fund to consider bonding as a method to raise money should the balance continue to fall. They concluded that this would be looked at again at a later time.

Next Board Meeting

The next board meeting is scheduled for Thursday, May 8, 2003. Mr. Boatwright moved that the meeting be adjourned and Ms. Dollens seconded the motion. The vote was unanimous and the meeting was adjourned.

Date: _____

Signature _____

James Acton, Chair
Financial Assurance Board